

FOURTH

ANNUAL

REPORT

1965

THE

METROPOLITAN

TRUST

COMPANY



OUR GROWTH IN BRIEF

MAY 24 1967

	<u>1965</u>	<u>1964</u>	<u>1963</u>	<u>1962</u> (Note 1)
Total Assets under Administration	<u>\$76,538,000</u>	<u>\$58,241,000</u>	<u>\$37,251,000</u>	<u>\$25,793,000</u>
Estates, Trusts and Agencies	<u>\$52,578,000</u>	<u>\$34,435,000</u>	<u>\$25,058,000</u>	<u>\$23,481,000</u>
Savings and Term Deposits and Investment Certificates	<u>\$21,074,000</u>	<u>\$21,069,000</u>	<u>\$10,399,000</u>	<u>\$ 576,000</u>
Shareholders' Equity	<u>\$ 2,786,000</u>	<u>\$ 2,672,000</u>	<u>\$ 1,713,000</u>	<u>\$ 1,695,000</u>
Profit before Taxes	<u>\$ 187,000</u>	<u>\$ 117,000</u>	<u>\$ 11,000</u>	<u>\$ (2,000)</u>
Income Taxes	<u>\$ 69,000</u>	<u>\$ 6,000(2)</u>	<u>—</u>	<u>—</u>
Net Profit after Taxes	<u>\$ 118,000</u>	<u>\$ 111,000</u>	<u>\$ 11,000</u>	<u>\$ (2,000)</u>
Earnings per Share	<u>\$ 1.22</u>	<u>\$ 1.16</u>	<u>\$ 0.16</u>	<u>\$ —</u>

Notes 1. The Company was incorporated in 1962 and opened its office to the public on November 6, 1962.

2. The 1964 income tax provision is explained in the note to the statement of undivided profits.

THE METROPOLITAN TRUST COMPANY

board of directors

HARRY T. O'NEILL — CHAIRMAN OF THE BOARD *

JAN DUINKER — PRESIDENT, NETHERLANDS OVERSEAS CORPORATION
CANADA LIMITED, TORONTO

RUDOLF V. FRASTACKY — PRESIDENT*

HANS FREULER — PRESIDENT, HANSA AKTIENGESELLSCHAFT,
BASEL, SWITZERLAND

ARTHUR B. GILL — EXECUTIVE VICE-PRESIDENT,
THE MORGAN TRUST COMPANY, MONTREAL

HON. DOUGLAS S. HARKNESS, P.C., G.M., E.D., B.A. —
MEMBER OF THE CANADIAN HOUSE OF COMMONS, OTTAWA

KASIMIR L. MARKON — PRESIDENT, LISMAR HOLDINGS LIMITED, TORONTO *

ROBERT K. MCCONNELL — PRESIDENT, MCCONNELL & COMPANY LIMITED, TORONTO *

HON. D. ROLAND MICHENER, P.C., Q.C. — CANADIAN HIGH COMMISSIONER TO INDIA,
NEW DELHI, INDIA

J. JACQUES PIGOTT — EXECUTIVE VICE-PRESIDENT,
PIGOTT CONSTRUCTION COMPANY LIMITED, TORONTO*

T. STEWART RIPLEY — EXECUTIVE VICE-PRESIDENT AND GENERAL MANAGER *

FRIEDRICH SIMON — GENERAL PARTNER, BANKHAUS FRIEDRICH SIMON,
DUESSELDORF, GERMANY

LAWRENCE W. SKEY, D.F.C., B.COMM. — TREASURER AND DIRECTOR,
SCUDDER INTERNATIONAL INVESTMENTS LTD., TORONTO

JOHN E. SMITH — VICE-PRESIDENT FINANCE, THE MORGAN TRUST COMPANY, MONTREAL *

WALTER H. STROMEYER — FOR BANKHAUS H. AUFHAEUSER, MUNICH, GERMANY

* MEMBERS OF THE EXECUTIVE COMMITTEE

officers and managers

HARRY T. O'NEILL — CHAIRMAN OF THE BOARD

RUDOLF V. FRASTACKY — PRESIDENT

T. STEWART RIPLEY — EXECUTIVE VICE-PRESIDENT AND GENERAL MANAGER

ALEXANDER P. LUSTIG, LL.B. — VICE-PRESIDENT

NORMAN C. SAINT, B.COMM., C.A. — SECRETARY AND TREASURER

FRANK P. BENNER — ASSISTANT GENERAL MANAGER

EDWIN J. CARTER, C.A. — COMPTROLLER AND ASSISTANT SECRETARY

DONALD W. DINGMAN — SAVINGS OFFICER

MARION K. GREER — TRUST OFFICER

ZDENKO HRADSKY, B.COMM. — MANAGER, PROPERTY MANAGEMENT DEPARTMENT

T. HUGH LAW, B.A., M.S.I.L.R. — MANAGER, REAL ESTATE DEPARTMENT

TERRENCE E. STAPLES, B.A. — INVESTMENT MANAGER

J. MALCOLM WREDDEN — MANAGER, MORTGAGE DEPARTMENT

REPORT TO SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to submit this Fourth Annual Report of your Company, together with the December 31, 1965 audited financial statements.

The 1965 operating profit before income taxes but after deducting all expenses and appropriations for investment reserves, increased by \$70,185, or 60%, from \$116,517 in 1964 to \$186,702 in 1965.

Appropriations of \$25,000 in 1964 and \$35,000 in 1965 were made for the Company's investment reserves. The provision for income taxes amounted to \$6,000 in 1964 compared with \$69,000 in 1965, as explained in the note to the statement of undivided profits. The net profit after taxes increased by 6.5% from \$110,517 in 1964 to \$117,702, or \$1.22 per share, in 1965.

An amount of \$29,045 was transferred from the undivided profits account to increase the Company's general reserve fund to \$250,000.

As shown on the balance sheet, total assets under administration increased by \$18,000,000, or 31%, from \$59,000,000 at the end of 1964 to \$77,000,000 at December 31, 1965. This increase occurred almost entirely in estate, trust and agency assets and resulted from continued expansion in most areas of operation.

All categories of the guaranteed trust account (savings deposits, term deposits and guaranteed investment certificates) were virtually the same in total at December 31, 1965 as at the end of 1964. The Canadian money market became extremely competitive in the second half of the year just ended, which caused interest rates to rise to the highest levels prevailing for a number of years. In these circumstances, your Company adhered to its policy of accepting only such deposits as could be profitably employed. Nevertheless, an increased number of accounts has resulted in a much improved diversification within the guaranteed trust account. As shown on the balance sheet, the Company's liquid asset position remained very satisfactory.

Metropolitan Trust, in 1965, became identified as an important lending institution in the Canadian realty field, both in volume and in size of loans. During the year, your Company processed mortgage loans totalling approximately \$40 million for its correspondent clients and other investors and for its own account.

A very substantial portion of this total represented loans processed by the Company under its appointments as mortgage correspondent for two leading insurance companies in the United States. The balance sheet item "Mortgages held for sale under agreements \$2,259,681" represents advances on mortgage loans to be sold to one of these accounts during 1966 under accepted agreements to purchase. Substantial underwriting and servicing fees will be received on these correspondent mortgage loans over the next 18 months, and should compensate for increases in interest costs. As previously stated, rates rose quite sharply during the latter half of 1965 and the trend gives no indication of reversal in the near future. During the year, Metropolitan Trust acquired a 7.7 per cent participation in Combined Mortgage Corporation. Leading financial interests in Montreal, including The Morgan Trust Company, comprise the other shareholders. As the representative of Combined Mortgage in Ontario and the Western Provinces, Metropolitan Trust receives commissions and servicing fees. Combined Mortgage declared and paid a 3 per cent dividend in 1965, its first full year of operation. Your Company's investment is shown at cost on the balance sheet as "Shares of associated company \$100,100". The full range of services offered by the Company, which are set out in the latter part of this Report, were extended in depth during the year. In the field of property management, your Company has become one of the largest in the Metropolitan Toronto area, and is responsible for approximately 2,800 apartment suites and town house units, together with office, industrial and commercial buildings, shopping centres, and other types of properties. Placement services for special types of real estate financing were expanded late in 1965, and very satisfactory results from this operation are anticipated for 1966.

During the year, the Canadian financial community received a testing from the failure of a finance company. This, together with the Parliamentary review of the Bank Act, is giving rise to many proposals for amending the regulations pertaining to Canadian banks and trust companies. Metropolitan Trust will welcome any measures necessary to ensure the continuation of the outstanding record of Canadian Trust Companies in administering assets entrusted to their care.

To the Officers and Staff, the Board owes a deep debt of gratitude for their constant loyalty and support. The Company is fortunate also to be associated with a number of Canadian and overseas financial institutions, several of whom are represented on the board. Special recognition should be given to them for their invaluable advice and counsel throughout the year under review. This combination cannot but inspire confidence in the future growth and prosperity of the Company.

Respectfully submitted,
Rudolf V. Frastacky,
President.

Toronto, February 9th, 1966.

TOTAL ASSETS

\$76,538,000



BALANCE SHEET, DECEMBER 31, 1965

(WITH COMPARATIVE FIGURES AT DECEMBER 31, 1964)

Assets	1965	1964
Cash	\$ 943,707	\$ 802,315
Deposit receipts of banks and trust companies	705,500	500,900
Securities:		
Government of Canada and Provincial bonds	5,573,009	5,717,514
Other bonds and debentures	664,030	983,743
Stocks	14,928	3,000
Mortgages held for sale under agreements	2,259,681	—
Loans, secured	1,294,287	1,853,059
Notes receivable	—	2,358,566
Accounts receivable and advances to estates and trusts	141,855	127,964
Mortgages	12,157,675	11,369,539
Shares of associated company	100,100	—
Fixed assets at cost less accumulated depreciation	104,828	89,295
Total capital and guaranteed account assets	<u>\$23,959,600</u>	<u>\$23,805,895</u>
Estates, Trusts and Agencies		
Securities, cash and other assets	\$52,578,127	\$34,435,326
Total	<u><u>\$76,537,727</u></u>	<u><u>\$58,241,221</u></u>

NOTES

1. Government of Canada and Provincial bonds are carried at amortized cost less reserves. The market value was \$5,484,000 at December 31, 1965. Other bonds, debentures and stocks are carried at amounts not in excess of market values.

2. During the year, 400 shares of capital stock were issued for \$11,400 cash on the exercise of an option granted in 1962, and 250 shares were issued for \$9,500 cash.

Options granted to certain officers to purchase 12,500 shares of capital stock at \$27.50 each, 1,040 shares at \$28.50 each and 1,440 shares at \$38.00 each, were outstanding at December 31, 1965.

THE METROPOLITAN TRUST COMPANY

Liabilities and Capital	1965	1964
Liabilities:		
Guaranteed account—		
Savings deposits	\$ 5,876,934	\$ 5,983,330
Term deposits	6,913,901	6,677,133
Investment certificates	8,283,018	8,408,122
	<u>\$21,073,853</u>	<u>\$21,068,585</u>
Income taxes	75,000	6,000
Accounts payable	25,001	59,262
	<u>\$21,173,854</u>	<u>\$21,133,847</u>
Capital:		
Capital stock—		
Authorized: 200,000 shares of \$25 par value each		
Issued: 96,271 shares (95,621 shares at December 31, 1964)	\$ 2,406,775	\$ 2,390,525
Reserve fund	250,000	216,305
Undivided profits	128,971	65,218
	<u>\$ 2,785,746</u>	<u>\$ 2,672,048</u>
Total capital and guaranteed account liabilities	<u>\$23,959,600</u>	<u>\$23,805,895</u>
Estates, Trusts and Agencies		
Estates, trusts and agencies under administration	\$52,578,127	\$34,435,326
Total	<u><u>\$76,537,727</u></u>	<u><u>\$58,241,221</u></u>

Attested: (Signed) Rudolf V. Frastacky, President

(Signed) T. Stewart Ripley, Executive Vice President and General Manager

AUDITORS' REPORT TO THE SHAREHOLDERS OF THE METROPOLITAN TRUST COMPANY:

We have examined the above balance sheet of The Metropolitan Trust Company as at December 31, 1965. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. The assets held for Guaranteed Account and for Estates, Trusts and Agencies are kept separate from the Company's own assets and are so recorded on the books of the Company as to show the accounts to which they belong.

In our opinion, the balance sheet presents fairly the financial position of the Company as at December 31, 1965.

(Signed) CAMPBELL, LAWLESS & PUNCHARD
Chartered Accountants

STATEMENT OF UNDIVIDED PROFITS

THE METROPOLITAN TRUST COMPANY

FOR THE YEAR ENDED DECEMBER 31, 1965

(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED

DECEMBER 31, 1964)

	1965	1964
Operating profit for the year before income taxes but after deducting all expenses and appropriations for investment reserves	\$186,702	\$116,517
Provision for income taxes	69,000	6,000
Net profit for the year	\$117,702	\$110,517
Add:		
Balance brought forward from previous year	65,218	4,247
	\$182,920	\$114,764
Deduct:		
Increase in prepaid expenses	(24,904)	(34,721)
Transfer to reserve fund	(29,045)	(14,825)
Balance at end of year	\$128,971	\$ 65,218

Note: The provisions for income taxes have been reduced by claiming for tax purposes the increase in prepaid expenses charged directly to undivided profits. Also, the 1964 tax provision was reduced by the carry-forward for tax purposes of preliminary and organization expense incurred in 1962.

STATEMENT OF RESERVE FUND

THE METROPOLITAN TRUST COMPANY

FOR THE YEAR ENDED DECEMBER 31, 1965

(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED

DECEMBER 31, 1964)

	1965	1964
Balance at beginning of year	\$216,305	\$ 79,833
Add:		
Premium received on shares issued during year (less, in 1964, costs of rights offering)	4,650	121,647
Transfer from undivided profits	29,045	14,825
Balance at end of year	\$250,000	\$216,305

SERVICES

- savings accounts** Your Metropolitan passbook is your passport to the highest interest rates currently paid in the Toronto area on the minimum half-yearly balance. A generous free chequing privilege is permitted.
- save-by-mail** Metropolitan Trust will supply you with a personal deposit-by-mail kit for your savings and chequing accounts, which includes deposit slips and envelopes. Postage is paid both ways by Metropolitan.
- chequing accounts** Metropolitan Trust pays interest on chequing accounts computed on the minimum monthly balance. You can have all the advantages of a “current” account at Metropolitan, including a monthly statement and the return of cancelled cheques—and earn high interest rates as well. Professional and business men will find these accounts the most economical way of handling trust accounts, special trust funds and monies they hold for others.
- deposit accounts** Funds may be placed on deposit with Metropolitan on a demand basis or for terms up to one year, to provide depositors with maximum interest on available funds. Interest is payable at maturity.
- senior citizen accounts** Free chequing privileges and 4½ per cent interest on a special Senior Citizens savings account are offered to those who are 65 or over—a unique and rewarding bonus.
- guaranteed investment certificates** Guaranteed investment certificates provide a safe, sure way to invest your capital for terms of 1 to 7 years. Both your capital and the high interest rates are fully guaranteed. Interest is payable by cheque or credited to your account semi-annually.
- accumulating guaranteed investment certificates** The new accumulating certificates introduced by Metropolitan have an initial term of 7 years, and, at the holder’s option, may be extended for a further term of up to 10 years. These certificates provide a return of 42% on capital in the first 7 years, an average of 6% per year. For individuals, interest generally is not taxable until paid, providing a tax deferment to the maturity of the certificates when

advantage may be taken of certain averaging provisions. At the holder's option the certificates may be redeemed prior to maturity at an adjusted rate of interest.

investment funds Metropolitan Investment Counsellors will be pleased to assist you in your selection from our three Investment Funds, each tailored to the specific needs of the individual investor.

A unique First Mortgage Fund provides a secure high interest return and protection of capital. A choice of two complementary stock funds is also available. The Income Stock Fund offers above average dividend income and reasonable prospects for capital gain while the Growth Stock Fund offers above average prospects for capital gain and moderate dividend income.

registered retirement savings plan The Federal Income Tax Act provides for the deduction from earned income of contributions made to a registered retirement savings plan of up to 20% to a maximum of \$2,500, except where the participant is already a member of a contributory plan, in which case the maximum contributions are \$1,500.

The Metropolitan Retirement Plan will assist you in maximizing your tax savings.

estate planning Metropolitan Estate Planning involves a complete analysis of your personal, financial and business affairs. One of our Trust Officers will be glad to review your personal estate, estimate death duties, suggest solutions to problems that will arise and then, together with your lawyer and accountant, recommend an estate plan which will carry out your wishes and be most advantageous to your beneficiaries.

real estate sales Profitable real estate sales result from the application of our professional realty skills to your needs. We are equipped to act immediately on listing of industrial and commercial properties. Transactions requiring broader and more comprehensive attention, both in Canada and abroad, may be entrusted to Metropolitan with confidence in our knowledge and up-to-date experience.

mortgages The Metropolitan mortgage department offers a complete range of mortgage loan services for residential, industrial and commercial properties. Multi-million dollar individual prime loans are available for major projects.

During 1965, Metropolitan approved applications for nearly 40 million dollars in mortgage loans, thereby setting, we believe, a record for mortgage lending in the Toronto area.

Our lending policies enable us to lend on many kinds of residential, industrial and commercial properties.

Consult our knowledgeable mortgage people on your mortgage requirements. Builders and developers will have their N.H.A. financing needs handled by experienced personnel.

We underwrite and administer on an agency basis individual mortgages and blocks of loans, conventional or N.H.A.

You may leave to our competent hands all details of mortgage administration, including collection of principal and interest, payment of taxes, checking

	<p>insurance, and inspecting of property. Regular, accurate reports to you make owning mortgages a carefree operation.</p> <p>Our co-operation with real estate and mortgage brokers and lawyers is always assured.</p>
property management	<p>Professional management of properties is an important activity at Metropolitan. Our carefully trained and experienced realty managers administer a very substantial group of industrial, commercial and residential properties, including 2800 apartment suites.</p> <p>Wise, thorough and 24-hour-a-day supervision, regular accurate reporting, together with knowledgeable owner counselling from Metropolitan mean that property owners, large and small, can look to Metropolitan for Canada's best management services.</p>
real estate counselling	<p>The selection of real estate for our clients is a continuous process of research and evaluation at Metropolitan.</p> <p>After thorough analysis, we apply inventive techniques to provide unique and careful attention to the requirements of our clients and the stewardship of their capital.</p> <p>The confidential and intricate nature of many realty transactions necessitates the retention of expert counsellors. At Metropolitan we have men in our real estate department with a strong background of professional training and recognition. You will find them helpful in advising you on the many important aspects of real estate transactions.</p> <p>Metropolitan has fully experienced appraisers at your disposal in all areas of Canadian realty investment. Call on us for expert assistance.</p>
financing	<p>Our facilities are suggested for both usual and unusual realty needs. Those proposals and developments which are beyond the capacity of the generally available sources of capital in Canada are facilitated by our international relationships.</p>
personal trust services	<p>Our Trust Services are specifically personal services. You are cordially invited to visit our Trust Department to meet members of our staff. Their</p>

training and understanding enable them to tell you first hand how Metropolitan services can help meet your needs and objectives.

services for individuals

Metropolitan's services for individuals include:

Executor and Trustee under a will.

Administrator of an estate or Attorney for heirs when there is no will.

Agent for individual executors or trustees.

Estate planning.

Trustee of personal retirement savings plans.

Custodian or Curator of property.

Agent for the purchase, sale and valuation of real estate.

Pooled investment funds.

Manager of property and Agent for the collection of rents.

Manager of investments and Custodian for stocks, bonds, mortgages and other securities.

Custodian for safekeeping of personal property and valuables.

Agent for preparation and filing of income tax returns.

services for corporations

Metropolitan's services for companies, firms and charitable organizations include:

Trustee and Investment Manager of employee pension plans.

Trustee of business insurance trusts.

Trustee and Manager of investments and surplus funds.

Trustee of bond issues and Registrar for bonds.

Trustee of endowment funds.

Transfer Agent and Registrar of share certificates.

Disbursing Agent for dividends and bond interest.

Escrow Agent.

Pooled investment funds.

Administration of affairs of companies.

Agent for the purchase, sale and valuation of real estate and for lease-back arrangements.

Agent for the purchase, sale and valuation of a business as a going concern.

the metropolitan trust company

The Metropolitan Trust Company is a financial institution offering a diversified and complete range of services to Canadians at home and abroad, as well as to an international clientele.

Our individual estate and corporate trust facilities are designed to transfer your cares to our professional handling. The quality of Metropolitan's specialized approach to investment and portfolio management has a distinctive appeal to both Canadian and non-resident investors and business people.

The creation of realty and corporate investment portfolios, bringing your capital together with trustworthy revenue-producing opportunities, is a specialty at Metropolitan. You can be confident when dealing with Metropolitan, a company whose officers and staff bring multilingual and international financial experience to your side.

Your money has a future at Metropolitan Trust

353 Bay Street

362-4761

Toronto 1, Ontario

